



**PRESS NOTE**

**ON**

**ANNUAL ESTIMATES OF**

**GROSS DOMESTIC PRODUCT (GDP)**

**2010**

**THE DEPARTMENT OF CENSUS AND STATISTICS**

**MINISTRY OF FINANCE AND PLANNING**

**SRI LANKA.**

**The estimated Gross Domestic Product (GDP) of Sri Lanka for the year 2010 at current and constant (2002) prices and its related economic indicators is hereby released by the Department of Census & Statistics (DCS).**

The economic output of Sri Lanka as measured by GDP for the year 2010 at constant (2002) prices is estimated at Rs. billion 2,645.4 as against Rs. billion 2,449.2 in the previous year, registering an 8.0 percent growth rate as against 3.5 percent growth in the previous year. This impressive high growth is more important for the country's economic progress and it is the second best GDP growth ever achieved since independence. The highest ever achieved GDP growth in the history of the country was 8.2 percent, and it was recorded in the years of 1968 and 1978.

The three major sectors of the economy namely, Agriculture, Industry, and Services registered significant growth as 7.0 percent, 8.4 percent and 8.0 percent respectively, in 2010 over the previous year. Of these, Industry and Services Sectors grew unprecedentedly making highest ever growth since 2002. The sub sectors which registered relative significant growth among the major sectors in the reference year are "Tea" 13.1 percent, "Rubber" 12.7 percent, "Minor Export Crops" 37.6 percent, "Paddy" 17.5 percent, "Fishing" 12.2 percent, "Mining and Quarrying" 15.5 percent, "Construction" 9.3 percent, "Electricity Gas & Water" 7.8 percent, "Wholesale & retail trade" 7.5 percent, "Hotels & restaurant" 39.8 percent, "Transport & communication" 11.9 percent, and "Banking, Insurance, & Real estate" 7.5 percent.

However, the growth of Coconut sub sector dropped by (-) 14.3 percent in 2010 as against previous year. The "Livestock production", "Other Food crops(Highland crops, Vegetables, and Fruits)", "Firewood & Forestry", and "Gas", in 2010 have

recorded relatively slow growth constituting 2.9 percent, 4.4 percent, 3.1 percent, and 4.6 percent, as against previous year.

The percentage share of the three major sectors, namely the Agriculture, Industry, and Services to the total GDP constituted 11.9 percent, 28.8 percent and 59.3 percent respectively.

The year on year (YOY) inflation as measured by Colombo Consumers' Price Index is recorded as 5.9 percent in 2010 whereas it was 3.4 percent in 2009. The index number of GDP implicit price deflator rose to 211.8 in 2010, from 197.4 in 2009 registering inflation rate as 7.3 percent for the year 2010.

The GDP per-capita ("*Per-capita income*"- based on the GDP) at market prices is estimated at Rs.271, 259 (US\$ 2,399) in 2010 as against Rs.236, 445(US\$ 2,057) for the previous year depicting a growth of 14.7 percent for the Rupee value and 16.6 percent for the US\$ value.

Private Final Consumption Expenditure (PFCE) at current prices is estimated at Rs. billion 3,684.7 in 2010 as against Rs. billion 3,116.2 in 2009. Gross Fixed Capital Formation (GFCF) at current prices is estimated at Rs. billion 1,452.0 in 2010 as against Rs. billion 1, 147.4 in 2009. The corresponding share of GFCF to the GDP is 25.9 Percent in 2010 and 23.7 percent in 2009.

Gross Savings at current prices in 2010 is estimated at Rs. billion 1,360.1 as against Rs. billion 1,141.5 in 2009 constituting 24.3 percent of GDP as against 23.6 percent in the previous year.

## **Agriculture sector**

The “Agriculture, forestry, and fishing” sector showed a 7.0 percent growth in 2010 as against the growth of 3.2 percent the year before.

The growth rate of Tea is registered as 13.1 percent for the year 2010 as against (-) 8.4 percent for the year 2009, attributed to the recovery in tea production which had been dropped in 2009. The favorable weather conditions during the period of January to September in 2010 also supported this growth. However, tea production decreased by 1.0 percent in Q4 2010 owing to unfavorable weather conditions.

The value added of Rubber production grew by 12.7 percent in 2010 as against the 7.9 percent for the last year. The major reasons for this growth was due to the increase in average price of Rubber (at Colombo auction) which rose to Rs 397.70 per Kg in 2010 from 201.66 per Kg in 2009 indicating 97.2 percent price increase. This price increase enthused over the maintenance of rubber estates and tapping activities which eventually propped up the growth.

The value addition of Coconut production showed a 14.3 percent decrease in 2010 although it grew by 5.3 percent in the previous year. Low rainfall in 2009, onset of pest and outbreak of diseases and low humidity in major coconut cultivating areas were identified as root causes to such a decline.

The growth rate of Minor Export Crops (MEC) was recorded as 37.6 percent in 2010 whereas it was 5.2 percent for the previous year. The export quantities of Cloves, Sesame seeds, Cashew nuts have increased by 206.6 percent, 438.8 percent, and 94.7 percent respectively in the reference year.

The paddy grew by 17.5 percent in 2010 as against the negative growth of 5.1 percent in 2009. The gross extent sown and gross extent harvested increased by 9.0

percent, and 12.5 percent respectively in 2010 over the previous year. The higher paddy prices, adequate water supply, resumption of cultivation in paddy fields - especially in Northern and Eastern Provinces which had been forbidden cultivation for years by the war, and pro-agricultural policies such as fertilizer subsidy, guaranteed paddy prices etc. were the major driving forces for the growth of paddy production.

The sub sector of Livestock production grew by 2.9 percent in 2010. The restored peace across the country supported the growth of livestock farming, especially in the East, the North Central province were able to increase the Livestock production.

The overall fishing industry grew by 12.2 percent in 2010. Of these “Inland fishing” grew by 10.1 percent and “Marine fishing” grew by 12.5 percent. The expansion of breeding fish distribution to tanks, the development programs currently being operated for inland fishing in the North, better management practices in Inland fishing industry, resumption of inland fishing industry in Mannar and Vavuniya districts supported the outstanding growth of Inland fish production. The satisfactory growth of Marine fishing industry has been supported by the relaxation of restricted fishing time and fishing areas in the North, higher fish production in Northern and Eastern provinces, and the progress made in fishing industry related infrastructure facilities.

## **Industry sector**

In real terms, value added of the industry sector grew by 8.4 percent in 2010 as against 4.2 percent growth in 2009. The manufacturing which is the largest sub sector of the industry sector grew by 7.3 percent in 2010.

The growth rate of Gem Mining recorded a 7.9 percent in 2010. The export quantities of both the precious stones and semi-precious stones, increased by 4.7 percent in the reference period.

The factory industry grew by 7.5 percent. The higher growth of factory industry has been supported by “Chemicals, Petroleum, rubber & plastic products” by 12.2 percent, “Non-metallic mineral products” by 10.4 percent, “Fabricated metal machinery & equipment” by 8.2 percent and “Textile, wearing apparel & leather products” by 5.2 percent.

The growth rate for the sub sector of “Electricity, Gas and Water” is 7.8 percent for the reference year as against 3.7 percent growth in 2009. The overall electricity generation grew by 8.4 percent during the reference year, while Hydro power generation recorded a 46.4 percent growth and the Thermal power generation recorded a (-) 16.4 percent growth.

In real terms, the construction sub sector indicated a 9.3 percent growth for the year 2010 and it was 5.6 percent for the previous year. This growth was supported by the introduction of new development projects, the large scale projects already in operation and the operated rehabilitation and resettlement programmes, especially in Northern and Eastern provinces.

The total cement production has increased to 3,749,005 MT. in 2010 from 3,212,865 MT. in 2009 indicating 16.7 percent increase.

The disbursement of loan for constructions of houses, business premises, other buildings, and property developments increased by 39.6 percent during the reference year.

## **Service sector**

The overall service sector marked 8.0 percent growth in 2010 as against 3.3 percent growth in the year 2009 making the highest ever growth in the annual series, since 2002.

The recorded high growth in the reference year has been boosted by the promising higher growth of its major sub sectors such as, “Hotels and Restaurants” by 39.8 percent, “Transport and Communication” by 11.9 percent, “Banking, Insurance and Real Estate” by 7.5 percent and “Wholesale and Retail Trade” by 7.5 percent.

The Export trade sector grew by 3.4 percent at constant prices for the year 2010. According to the Balance of Payment (BOP) Statistics of Central Bank of Sri Lanka (CBSL), exports earnings increased to Rs.Mn. 937,737 in 2010 from Rs.Mn. 813,911 in the year 2009, indicating 15.2 percent increase. According to trade indices of CBSL, export volume and export price level increased by 3.7 percent and by 11.1 percent respectively during the reference period.

The Import trade sector grew by 9.5 percent in the reference period as against 8.2 percent drop in the previous year. Total expenditure for imports increased to Rs. Mn. 1,528,171 in 2010 from Rs. Mn. 1,172,618 in the year 2009 recording 30.3 increase. According to the trade indices of CBSL, the import volume and import prices increased by 11.6 percent and by 16.7 percent respectively in 2010 over the previous year.

Domestic trade sub sector grew by 7.6 percent in the year 2010. This was mainly due to the higher agricultural and industrial productions which mostly consume the domestic market. Higher production of Paddy and Fish which are mostly consumed locally, are the major driving forces to higher growth of domestic trade.

Hotels and Restaurants sector recorded 39.8 percent higher growth in 2010 as against the growth rate of 13.3 percent for the last year. Tourists' arrival increased to 654,476 in 2010 from 447,890 in 2009 contributing a growth of 46.1 percent for the reference year. Such a growth of tourists' arrival has become cardinal to the tourists industry and it is the highest ever recorded number since 1969. The growth wise, it is the second highest arrival rate reported since 1969. The major reason for these increments is the prevailed peace across the country. Tourists' earnings increased by 62.0 percent and room occupancy rate increased to 70.1 in 2010 from 48.4 in 2009 .

Transport & Communication sector indicated 11.9 percent growth as against that of 6.3 percent growth in the previous year. The "Passenger and goods transportation", "cargo handling" and "post and telecommunication" sub sectors grew by 11.4 percent, 16.8 percent and 13.2 percent respectively.

Total number of new registration of vehicles increased by 76.0 percent in the reference year as against 23.0 percent decline in the previous year. Registration of buses, three wheelers and goods transport vehicles increased by 237.1 percent 129.2 percent and 40.1 percent respectively in 2010. The boom of new registration of vehicles has been chiefly fueled by the reduction of import duty with effect from June 2010.

Both passenger income and passenger kilometers flown by Sri Lankan airline increased by 25.3 percent and 19.7 percent respectively in 2010.

Total telephone connections increased by 17.6 percent in this year due to expansion of telecommunication services, especially in newly liberated areas of Northern Province and the introduction of new connections with advanced technology which attracted customers.

The “Banking, Insurance & Real Estate sector” grew by 7.5 percent in 2010, as against the growth of 5.7 percent in the year 2009. Loans and advances increased rapidly in the year 2010, compared with previous year.

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